

Millennium Challenge Corporation Candidate Country Report for Fiscal Year 2023

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MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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SUMMARY

This report to Congress is provided in accordance with section 608(a) of the Millennium Challenge Act of 2003, as amended, 22 U.S.C. §§7701, 7707(a) (the Act).

The Act authorizes the provision of assistance for global development through the Millennium Challenge Corporation (MCC) for countries that enter into a Millennium Challenge Compact with the United States to support policies and programs that advance the progress of such countries to achieve lasting economic growth and poverty reduction. The Act requires MCC to take a number of steps in selecting countries with which MCC will seek to enter into a compact, including determining the countries that will be eligible countries for fiscal year (FY) 2023 based on (a) a country's demonstrated commitment to (i) just and democratic governance, (ii) economic freedom, and (iii) investments in its people, (b) the opportunity to reduce poverty and generate economic growth in the country, and (c) the availability of funds to MCC. These steps include the submission to the congressional committees specified in the Act and publication in the *Federal Register* of reports on the following:

- The countries that are “candidate countries” for FY 2023 based on their per capita income levels and their eligibility to receive assistance under U.S. law and countries that would be candidate countries but for specified legal prohibitions on assistance (section 608(a) of the Act);
- The criteria and methodology that the MCC Board of Directors (the Board) will use to measure and evaluate the relative policy performance of the “candidate countries” consistent with the requirements of subsections (a) and (b) of section 607 of the Act in order to determine “eligible countries” from among the “candidate countries” (section 608(b) of the Act); and
- The list of countries determined by the Board to be “eligible countries” for FY 2023, identification of such countries with which the Board will seek to enter into compacts, and a justification for such eligibility determination and selection for compact negotiation (section 608(d) of the Act).

This report is the first of three required reports listed above.

CANDIDATE COUNTRIES FOR FY 2023

The Act requires the identification of all countries that are candidate countries for purposes of eligibility for MCC compact assistance for FY 2023 and the identification of all countries that would be candidate countries for purposes of eligibility for MCC compact assistance but for specified legal prohibitions on assistance. Under sections 606(a) and (b) of the Act, candidate countries must qualify as low income or lower middle income countries as defined in the Act.

Specifically, a country will be a candidate country in the low income category for FY 2023 if it

- has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year (\$4,255 gross national income per capita for FY 2023);
- is among the 75 countries identified by the World Bank as having the lowest per capita income; and
- is not ineligible to receive United States economic assistance under part I of the Foreign Assistance Act of 1961, as amended (the Foreign Assistance Act), by reason of the application of the Foreign Assistance Act or any other provision of law.

A country will be a candidate country in the lower middle income category for FY 2023 if it

- has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year (\$4,255 gross national income per capita for FY 2023);
- is not among the 75 countries identified by the World Bank as having the lowest per capita income; and
- is not ineligible to receive United States economic assistance under part I of the Foreign Assistance Act by reason of the application of the Foreign Assistance Act or any other provision of law.

Under section 606(c) of the Act as applied for FY 2023, a country with per capita income changes from FY 2022 to FY 2023 such that the country would be reclassified from the low income category to the lower middle income category or vice versa will retain its income status in its former category for FY 2023 and two subsequent fiscal years (FY 2024 and FY 2025). A country that has transitioned to the upper middle income category does not qualify as a candidate country.

Pursuant to section 606(d) of the Act, the Board identified the following countries as candidate countries under the Act for FY 2023. In so doing, the Board referred to the prohibitions on assistance to countries for FY 2022 under the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2022 (FY 2022 SFOAA) contained in Division K of the Consolidated Appropriations Act, 2022 (P.L. 117-103).

CANDIDATE COUNTRIES: LOW INCOME CATEGORY

1. Afghanistan
2. Angola

3. Bangladesh
4. Benin
5. Bhutan
6. Bolivia
7. Burundi
8. Cabo Verde
9. Cameroon
10. Central African Republic
11. Chad
12. Comoros
13. Congo, Democratic Republic of the
14. Congo, Republic of the
15. Côte d'Ivoire
16. Djibouti
17. Egypt
18. El Salvador
19. Gambia, The
20. Ghana
21. Guinea
22. Guinea-Bissau
23. Honduras
24. India
25. Kenya
26. Kiribati
27. Kyrgyzstan
28. Laos
29. Lebanon
30. Lesotho
31. Liberia

32. Madagascar
33. Malawi
34. Mauritania
35. Micronesia, Federated States of
36. Mongolia
37. Morocco
38. Mozambique
39. Nepal
40. Niger
41. Nigeria
42. Pakistan
43. Papua New Guinea
44. Philippines
45. Rwanda
46. Sao Tome and Principe
47. Senegal
48. Sierra Leone
49. Solomon Islands
50. Somalia
51. Tajikistan
52. Tanzania
53. Timor-Leste
54. Togo
55. Tunisia
56. Uganda
57. Ukraine
58. Uzbekistan
59. Vanuatu
60. Vietnam

61. Yemen

62. Zambia

CANDIDATE COUNTRIES: LOWER MIDDLE INCOME CATEGORY

1. Algeria
2. Eswatini
3. Indonesia
4. Samoa

COUNTRIES THAT WOULD BE CANDIDATE COUNTRIES BUT FOR LEGAL PROVISIONS THAT PROHIBIT ASSISTANCE

Countries that would be considered candidate countries for purposes of eligibility for MCC compact assistance for FY 2023 but are ineligible to receive United States economic assistance under part I of the Foreign Assistance Act by reason of the application of any provision of the Foreign Assistance Act or any other provision of law are listed below. This list is based on legal prohibitions against economic assistance that apply as of July 22, 2022.

PROHIBITED COUNTRIES: *LOW INCOME CATEGORY*

- **Burkina Faso** is ineligible to receive foreign assistance due to concerns relative to its record on human rights and pursuant to the military coup restriction in section 7008 of the FY 2022 SFOAA.
- **Burma** is ineligible to receive foreign assistance due to concerns relative to its record on human rights and pursuant to the military coup restriction in section 7008 of the FY 2022 SFOAA.
- **Cambodia** is ineligible to receive foreign assistance pursuant to section 7043(b)(2) of the FY 2022 SFOAA, which restricts (with limited exceptions) assistance to the Government of Cambodia unless the Secretary of State certifies that the Government of Cambodia is taking effective steps to strengthen regional security and stability and respect the rights and responsibilities enshrined in the Constitution of the Kingdom of Cambodia.
- **Eritrea** is ineligible to receive foreign assistance due to its human rights record and its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Ethiopia** is ineligible to receive foreign assistance due to its human rights record.
- **Haiti** is ineligible to receive foreign assistance unless the Secretary of State provides a certification pursuant to section 7045(c)(1) of the FY 2022 SFOAA.
- **Iran** is ineligible to receive foreign assistance, including due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Korea, North** is ineligible to receive foreign assistance, including due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Mali** is ineligible to receive foreign assistance pursuant to the military coup restriction in section 7008 of the FY 2022 SFOAA.
- **Nicaragua** is ineligible to receive foreign assistance, including due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **South Sudan** is ineligible to receive foreign assistance pursuant to section 7042(h)(2) of the FY 2022 SFOAA due to its human rights record.
- **Sudan** is ineligible to receive foreign assistance including due to the military coup restriction in section 7008 of the FY 2022 SFOAA.

- **Syria** is ineligible to receive foreign assistance, including due to its status as a Tier 3 country under the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.).
- **Zimbabwe** is ineligible to receive foreign assistance, including pursuant to section 7042(j)(2) of the FY 2021 SFOAA, which prohibits (with limited exceptions) assistance for the central government of Zimbabwe unless the Secretary of State certifies and reports to Congress that the rule of law has been restored, including respect for ownership and title to property, and freedoms of expression, association, and assembly.

PROHIBITED COUNTRIES: *LOWER MIDDLE INCOME CATEGORY*

- **Sri Lanka** is ineligible to receive foreign assistance pursuant to section 7044(e)(2) of the FY 2022 SFOAA, which restricts (with limited exceptions) assistance for the central government unless the Secretary makes certain certifications regarding actions taken by the Government of Sri Lanka and reports to the Committees on Appropriations.

Countries identified above as candidate countries, as well as countries that would be considered candidate countries but for the applicability of legal provisions that prohibit U.S. economic assistance, may be the subject of future statutory restrictions or determinations, or changed country circumstances, that affect their legal eligibility for assistance under part I of the Foreign Assistance Act by reason of application of the Foreign Assistance Act or any other provision of law for FY 2023.

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